

Message Text

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DEPARTMENT FOR ASSISTANT SECRETARY ENDERS

E.O. 11652: GDS

TAGS: ENRG, EIND, EINV, IT, US, SA

SUBJECT: ITALIAN INVOLVEMENT IN SAUDI ARABIA WITH US FIRMS

REF: (A) ROME 16240; (B) STATE 262893

SUMMARY: DOCUMENTS DESCRIBED REFTEL (A) DESCRIBING
GOI INTEREST IN PARTICIPATION WITH US FIRMS IN SAUDI
ARABIA LINKED TO (A) DOLS 14 BILLION ARAMCO DEVELOPMENT
PROGRAM CONTRACTED TO BECHTEL/FLUOR/R. PARSON/MCDERMONT/
B. ROUTE (SIC-PRESUMABLY BROWN, ROOT) FOR GAS PIPELINE
AND RELATED FACILITIES AND (B) SAUDI DEVELOP-
MENT AND INDUSTRIAL PROJECTS SUMMARIZED BELOW AND POUCHED
SECSTATE AND US MISSION OECD EYES ONLY FOR ASSISTANT
SECRETARY ENDERS. ITALIAN INVOLVEMENT IN LATTER PROJECTS
APPARENTLY HINGES LESS ON DIRECT PARTICIPATION WITH US
FIRMS, ALTHOUGH US TECHNOLOGY AND INITIATIVE IMPORTANT.
MIGLIUOLO HOPES TO BE ABLE TO DISCUSS POSSIBLE INITIATIVES
WITH ENDERS DURING IEA/GB MEETING BEGINNING
NOVEMBER 19 IN PARIS. END SUMMARY.

1. GAS PIPELINE PROJECT AND RELATED FACILITIES:

A) ENGINEERING SERVICES: SAIPEM AND/OR SNAM
PROGETTI, BOTH OF STATE- CONTROLLED ENI GROUP; TECHNINT;
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AND MONTUBI ALL EXPERIENCED IN PIPELINE WORK AND/OR

RELATED ENGINEERING SERVICES.

B) PIPE SUPPLY: TARANTO WORKS OF ITALSIDER, OF GOI-CONTROLLED IRI GROUP, HAS CAPACITY AND SKILL TO PRODUCE PIPE ENVISAGED FOR COMPLETION OF GAS PIPELINE.

C) PLANTS, FACILITIES, ELECTRICAL FACILITIES: POTENTIAL SUBCONTRACTORS FOR DESULPHURIZATION, DISTRIBUTION OF ELECTRICAL POWER, UTILIZATION OF NATURAL GAS INCLUDE ITALIAN COMPANIES FROM IRI GROUP, MONTEDISON GROUP, TECHNIPETROL, PANELECTRIC.

D) COMPONENTS: COMPRESSORS, POWER PLANTS, PUMPS, ETC. COULD BE SUPPLIED BY ITALIAN INDUSTRY.

2. SAUDI ARABIAN DEVELOPMENT:

A) SOUTHWESTERN REGION AGRICULTURAL DEVELOPMENT: ITALIAN FIRMS ALREADY STUDYING UNDER SAG CONTRACT AGRICULTURAL, INDUSTRIAL AND COMMERCIAL DEVELOPMENT OF SOUTHWESTERN REGION WHERE SAUDI INVESTMENT OF DOLS 10 BILLION OVER TEN-YEAR PERIOD FORESEEN. ITALIAN COMPANIES COULD PARTICIPATE IN EVENTUAL DEVELOPMENT CONTRACTS WITH US LAND RECLAMATION FIRMS.

B) PETROCHEMICAL INDUSTRY: DOLS ONE BILLION PROJECT SUBMITTED IN AUGUST, 1974 BY SAUDI-ITALIAN (REPRESENTED BY MONTEDISON GROUP) FOR CONSTRUCTION OF A PETROCHEMICAL COMPLEX FOR PRODUCING METHANOL, ETHYLENE, DCF, CHLORINE, VCM, PVC, CAUSTIC SODA, ETC.

C) MILITARY SUPPLIES AND AERONAUTICAL INDUSTRY: ITALY RECOGNIZES US PREDOMINANCE BUT SEES POTENTIAL ROLE FOR ITALIAN SUPPLIERS SUCH AS AGUSTA (HELICOPTERS), BERETTA (MACHINE GUNS, ETC.) AND OTO-MELARA (HOWITZERS AND OTOMAT MISSILES) AND UNDER US LICENSE, M/113 ARMORED PERSONNEL CARRIER. ALSO POSSIBILITIES SHOULD BE EXAMINED FOR FURTHER SALES OF F-104S AIRCRAFT, IN VARIOUS CONFIGURATIONS, AND EXTENSION OF LOCKHEED-AERITALIA JOINT PRODUCTION PROGRAM.

D) NUCLEAR POWER: EXTEND COOPERATION, BEGUN IN ITALY, BETWEEN US MANUFACTURERS OF NUCLEAR POWER PLANTS AND ITALIAN FIRMS, TO THE CONSTRUCTION OF NUCLEAR POWER PLANTS IN SAUDI ARABIA. CALINGAERT

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